



Memorandum

TO: HONORABLE MAYOR AND
CITY COUNCIL

FROM: Albert Balagso

SUBJECT: FAMILY CAMP COST RECOVERY **DATE:** May 25, 2007

Approved /s/

Date 05/31/07

BACKGROUND

The Department of Parks, Recreation and Neighborhood Services (PRNS) collects and assesses fees for programs in two Council-approved categories: Category 1 are those programs/services which should be cost recovery and Category 2 are those programs/services that may be less or more than cost recovery. Family camp operations have been designated as Category 1. As part of the discussion on the 2007-2008 Proposed Capital Budget, the Department was asked to provide information on cost recovery efforts related to Family Camp operations. The purpose of this memorandum is to provide that information.

ANALYSIS

The 2007-2008 projected cost recovery rate for Family Camp operations is expected to be 83.8%. It is important to keep in mind that the Department has intentionally taken actions to limit use of the facility in order to make improvements recommended by the City Auditor with respect to physical conditions of the property, staffing needs and compliance with the parameters set forth in the permit issued by the U.S. Department of Forestry for the operation of the facility. The following section highlights the recommendations of the City Auditor.

City Auditor Recommendations

San José Family Camp is located outside of Groveland, California. It is operated by the City of San José under a special use permit from the U.S. Department of Forestry. The permit enables the City to operate a camp that includes 72 tent platforms, 12 utility buildings, a dining hall and restrooms, a water supply and sewer system, 2 caretaker residences, a dam and swimming pool facility as well as the roads and parking areas within the camp.

In 2004, the City Auditor conducted a site visit and audit of Family Camp at the request of the PRNS Director. Historically, the facility had been managed by a contract employee and concerns had been raised regarding the physical condition of the camp as well as compliance with permit regulations.

The Auditor made eleven recommendations.

1. A physical needs assessment of camp facilities be conducted to identify health and safety issues.
2. Camp staff housing be upgraded.
3. A thorough clean-up of the facility be conducted in order to remove unused equipment and furnishing
4. Resources be identified to repair deck railings, leaking water tanks and the amphitheater.
5. Twenty-five non-permitted platforms that had been built at the facility be removed or that a permit amendment be obtained.
6. The role of the Friends of Family Camp be clarified to address construction of un-permitted facilities, improper storage and use of volunteer labor.
7. Efforts be made to ensure compliance with the City's substance abuse and sexual harassment policies.
8. A reasonable staffing pattern be established to ensure compliance with labor laws.
9. The practice of using under-age volunteers be examined.
10. The reservation process be revised to address issues related to equity of reservations, improper fee calculations specifically as it related to non-resident campers and unauthorized campers ("extra" campers who don't pay).
11. An inventory of tools and equipment be conducted.

In response to the City Auditor's recommendations, PRNS took aggressive action to improve operations at Family Camp. Professional staff was hired to assume oversight responsibility of the facility. A conditions assessment was conducted and major clean-up took place. Funding was identified within existing appropriations to initiate capital improvements and the role of the Friends of Family Camp was limited. In addition, the program's reservation process was changed to limit the number of reservations, both in terms of average stay as well as number of cabins that could be reserved. This was done in response to input that large groups were allowed to dominate reservations and there was a desire to reach out to new customers.

Fees were also raised in an effort to align the program with similar programs in the market. The combination of unanticipated capital costs, fee increases and changes in reservation policies has resulted in a negative impact to the program's cost recovery performance. However, these actions were necessary to re-establish the quality of the program and to ensure compliance with the operational permit.

Recognizing the importance of maintaining cost recovery, PRNS has proposed several changes to the 2007-2008 fees and charges resolution intended to provide incentives for customers. Special discounts are being proposed to encourage mid-week stays as well as special "family" weekends. It is important to note that at mid-year, the City Council approved the allocation of approximately \$200,000 to complete the repairs to staff housing as recommended by the City Auditor. These improvements will not only improve the physical environment for staff but also enable management staff to re-direct their efforts from physical improvements to more

HONORABLE MAYOR AND CITY COUNCIL

May 25, 2007

Subject: Family Camp Cost Recovery

Page 3

aggressive marketing and program improvements. As a result, while the program is not currently meeting its cost recovery goals, it is anticipated that over the next two years, the program will be able to improve its fiscal performance by continuing its efforts to focus on quality programming and maintaining a safe environment for campers. We expect to be over 90% cost recovery by the end of the 2009 season.

/s/

ALBERT BALAGSO

Director of Parks, Recreation, and
Neighborhood Services